

The Micro Behavior of Vacancies and Hiring

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Abstract

Search theoretic models of the labor market are widely applied to the study of unemployment, worker turnover, wage dispersion, and other labor market phenomena. These models afford a central role to the concept of a job vacancy, often treating vacancy postings as an essential input into finding and hiring a worker. Yet, empirical evidence on vacancies is limited to aggregate measures of the vacancy rate. We study micro-level vacancy behavior using establishment data from the new BLS Job Openings and Labor Turnover Survey. The micro data display strong positive relations of vacancy postings and vacancy yields (hires per posting) to establishment growth. We show that the vacancy relations vary systematically with establishment-level measures of volatility, worker turnover and previous growth history. We also test hypotheses about the connection of employment growth to vacancy yields, vacancy durations, frequency of vacancy postings and the incidence of multiple hires per vacancy posting. We draw on our results to evaluate which class of search theories (e.g., directed search models) best characterizes the micro relationship between vacancies and hires.

Keywords: vacancies, worker turnover, labor market search

JEL Codes: E24, J23, J60

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